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TO RUEHC/SECSTATE WASHDC PRIORITY 0040  
INFO RUEHZM/GULF COOPERATION COUNCIL COLLECTIVE  
RUCPDOC/DEPT OF COMMERCE WASHDC

C O N F I D E N T I A L SECTION 01 OF 02 MUSCAT 000731

SIPDIS

STATE PASS TO USTR JBUNTIN, CHINCKLEY AND DOC THOFFMAN

E.O. 12958: DECL: 10/18/2018

TAGS:

PREL, ECON, EFIN, MU

SUBJECT: MINISTER SEEKING COMPROMISES TO COMPLETE FTA  
IMPLEMENTATION

REF: A. MUSCAT 682

1B. MUSCAT 616

1C. MUSCAT 593

Classified By: Ambassador Gary A. Grappo for Reasons 1.4 (B) and (D)

11. (C) Summary: Minister of Commerce and Industry Maqbool bin Ali Sultan told the Ambassador on October 15 that compromise on a number of issues will be necessary if the U.S. and Oman are to conclude the FTA implementation process.

He recognized that there are differences in how each party thinks government decrees should be worded, but said there are only a few differences in how they will be implemented. The Minister expressed the hope that most, if not all, of these differences could be resolved in the upcoming visit of U.S. Trade Representative Schwab. End Summary.

12. (SBU) The Ambassador and Econoff met with Maqbool bin Ali Sultan, Minister of Commerce and Industry, and Khalid Saeed Al Shuaibi, Director General of Organization and Commercial Relations, at the Ministry on October 15. The Minister said that he hoped the visit to Muscat by U.S. Trade Representative, Ambassador Susan C. Schwab, scheduled for October 24 to 26, will help resolve remaining Oman-U.S. Free Trade Agreement issues so both countries can implement the agreement before the end of the year.

13. (C) Maqbool stated he was confident that Oman will meet "most" of its outstanding requirements under the agreement before Ambassador Schwab's visit, but insisted that there must be "compromise" in a number of areas such as intellectual property, because Oman has already issued the relative legal decrees and laws have been promulgated. He said that most of the disagreements that have arisen on the text of Oman's decrees are based merely on differences in translation and "cultural interpretations" by each country's attorneys. He was optimistic that these issues would be resolved in working level meetings scheduled for the week following the visit.

14. (C) The Minister commented very little on the telecommunications issues that have been the major sticking point in implementing the agreement (reflets). He noted that a teleconference between USTR telecom experts and negotiators from Oman's Information Technology Authority (ITA) is currently scheduled for October 21. He said that Oman is planning to announce the winning bidder on the full fixed-line licensing package (ref A) on October 23, which would positively affect the government's response to U.S. telecom concerns related to the FTA. Maqbool stated he is in "full agreement" with the U.S. that Oman must ensure that it is charging a reasonable fee for fixed-line licenses.

15. (C) On the FTA's transparency requirements, the Minister said he believes the guidelines the Omani government received from USTR to institute transparency procedures are "unfair."

He pointed out that the suggested circulars outline a series of expectations and public comment requirements that even the U.S. does not adhere to.

¶16. (C) The Minister informed the Ambassador that a letter from the Chairman of the ITA, notifying the U.S. of the status of the Government's software decree, had been drafted and should be sent to the Ambassador within the next couple of days. He explained that the ITA has issued strict instructions to all of Oman's ministries not to use unlicensed software. The ITA regularly reviews and checks software and system usage at the ministries and issues internal fines to anyone not following the regulations. The Ambassador pointed out that a process to review periodically the various ministries' software policies and actual usage is also important.

¶17. (C) Addressing other remaining FTA issues, Al Shuaibi said Oman's regulations for express shipments have been approved and are forthcoming. He did not envision problems with the decree since Oman accepted all of USTR's suggestions. He also said Oman already sent forward its comments on the tender law.

¶18. (C) Minister Maqbool and Al Shuaibi were delighted to hear that Ambassador Schwab would be engaging the local business community at a special breakfast while she was in Oman. He requested that Ministry representatives attend and recommended that Ambassador Schwab touch upon the current status of the Doha Round in the World Trade Organization in her comments. The Minister ensured the Ambassador that other ministers will also be on hand for her visit.

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¶19. (C) Comment: Minister Maqbool and others are treating this visit as an opportunity to seek compromise on a number of issues, especially within the areas of intellectual property and telecommunications. When given the opportunity to discuss a timeline for resolution, he pointed out the opportunities for further discussion between the legal experts. It is clear that the Omanis are hoping there is still room to negotiate. End Comment.

GRAPPO